

118TH CONGRESS
1ST SESSION

H. R. 760

To impose sanctions with respect to Communist Chinese military and surveillance companies.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 2023

Mr. BARR introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To impose sanctions with respect to Communist Chinese military and surveillance companies.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Chinese Military and
5 Surveillance Company Sanctions Act of 2023”.

6 **SEC. 2. FINDINGS AND SENSE OF CONGRESS.**

7 (a) FINDINGS.—Congress finds the following:

8 (1) Under Executive Order 13959 (85 Fed.
9 Reg. 73185; relating to addressing the threat from

1 securities investments that finance Communist Chi-
2 nese military companies) of November 17, 2020, the
3 President found that the People’s Republic of China
4 “increases the size of the country’s military-indus-
5 trial complex by compelling civilian Chinese compa-
6 nies to support its military and intelligence activi-
7 ties. Those companies, though remaining ostensibly
8 private and civilian, directly support the PRC’s mili-
9 tary, intelligence, and security apparatuses and aid
10 in their development and modernization.”. The
11 President further determined that “the PRC exploits
12 United States investors to finance the development
13 and modernization of its military.”. As a result, Ex-
14 ecutive Order 13959 restricted transactions in pub-
15 licly traded securities of Communist Chinese military
16 companies listed pursuant to section 1237 of the
17 Strom Thurmond National Defense Authorization
18 Act for Fiscal Year 1999 (50 U.S.C. 1701 note).

19 (2) Although Executive Order 13959 targets
20 transactions in public securities, it does not address
21 financing options for Communist Chinese military
22 companies through other forms of equity financing
23 or debt financing, nor does it limit transactions with
24 United States persons that may generate earnings in
25 a manner that facilitates company growth.

1 (3) The Office of Foreign Assets Control
2 (OFAC) of the Department of the Treasury, by im-
3 posing asset blocking through the Specially Des-
4 ignated Nationals (SDN) List, is able to forbid vir-
5 tually any transaction between United States per-
6 sons and a designated entity, including debt and eq-
7 uity financing, the exchange of goods and services,
8 and the provision of material or technological sup-
9 port. Conversely, restrictions limited to publicly trad-
10 ed securities are less comprehensive, and in the case
11 of certain Chinese companies of concern, may be ir-
12 relevant if the companies do not issue such securi-
13 ties.

14 (4) While restrictions on public securities are
15 restricted to the dealings of United States persons,
16 OFAC's inclusion of a foreign entity on the SDN list
17 deters third-country persons from dealing with a
18 designated entity, amplifying the effects of United
19 States sanctions globally.

20 (5) OFAC has long devoted significant re-
21 sources to compiling evidence on SDNs that rou-
22 tinely withstand challenges in court, which enhances
23 the effectiveness of United States sanctions, encour-
24 ages allies to consider comparable measures, and
25 strengthens national security.

1 (6) On June 3, 2021, the President issued Ex-
2 ecutive Order 14032, which transferred responsi-
3 bility for naming Chinese military companies subject
4 to investment restrictions to the Secretary of the
5 Treasury, and expanded restrictions to entities oper-
6 ating in the surveillance technology sector of the
7 Chinese economy.

8 (b) SENSE OF CONGRESS.—It is the sense of the
9 Congress that the national emergency declared under Ex-
10 ecutive Order 13959 calls for the President to—

11 (1) more fully cut off financing avenues for
12 Communist Chinese military and surveillance compa-
13 nies;

14 (2) prevent adaptation by a company to partial
15 restrictions that limit themselves to publicly traded
16 securities;

17 (3) ensure that the United States assembles an
18 appropriate evidentiary basis to support the effec-
19 tiveness of sanctions;

20 (4) enhance the impact of economic sanctions
21 by deterring third-country persons from dealing with
22 the companies; and

23 (5) link the imposition of sanctions to clear ob-
24 jectives that serve to resolve the national emergency.

1 **SEC. 3. SANCTIONS WITH RESPECT TO COMMUNIST CHI-**
2 **NESE MILITARY AND SURVEILLANCE COMPA-**
3 **NIES.**

4 (a) IN GENERAL.—Not later than 180 days after the
5 date on which the first updated list is submitted under
6 section 1260H of the William M. (Mac) Thornberry Na-
7 tional Defense Authorization Act for Fiscal Year 2021 (10
8 U.S.C. 113 note) on or after the date of the enactment
9 of this Act, the President shall impose the sanctions de-
10 scribed in subsection (b) with respect to—

11 (1) each person that is on such updated list,
12 and

13 (2) each foreign person listed in the Annex to
14 Executive Order 14032 (86 Fed. Reg. 30145; relat-
15 ing to addressing the threat from securities invest-
16 ments that finance certain companies of the People’s
17 Republic of China) of June 3, 2021, or determined
18 by the Secretary of the Treasury, in consultation
19 with the Secretary of State, and, as the Secretary of
20 the Treasury determines appropriate, the Secretary
21 of Defense, to engage in the activities described
22 under section 1(a)(i) or 1(a)(ii) of such Executive
23 Order 14032,

24 if the President determines that the imposition of such
25 sanctions meets appropriate evidentiary standards and ad-
26 vances the objective of resolving the national emergency

1 described in Executive Order 14032 (86 Fed. Reg. 30145;
2 relating to addressing the threat from securities invest-
3 ments that finance certain companies of the People’s Re-
4 public of China) of June 3, 2021.

5 (b) SANCTIONS DESCRIBED.—The President shall ex-
6 ercise all of the powers granted to the President under
7 the International Emergency Economic Powers Act (50
8 U.S.C. 1701 et seq.) to the extent necessary to block and
9 prohibit all transactions in property and interests in prop-
10 erty of a person if such property and interests in prop-
11 erty—

12 (1) are in the United States;

13 (2) come within the United States; or

14 (3) come within the possession or control of a
15 United States person.

16 (c) PENALTIES.—The penalties set forth in section
17 206 of the International Emergency Economic Powers Act
18 (50 U.S.C. 1705) apply to violations of any license, order,
19 or regulation issued under this section.

20 (d) WAIVER.—The President may waive the applica-
21 tion of sanctions under this section if the President cer-
22 tifies in writing to the appropriate congressional commit-
23 tees that the waiver is in the national interest of the
24 United States, with an explanation of the reasons therefor.

1 (e) EXCEPTION FOR INTELLIGENCE ACTIVITIES.—
2 Sanctions under this section shall not apply to any activity
3 subject to the reporting requirements under title V of the
4 National Security Act of 1947 (50 U.S.C. 3091 et seq.)
5 or any authorized intelligence activities of the United
6 States.

7 (f) EXCEPTION RELATING TO IMPORTATION OF
8 GOODS.—

9 (1) IN GENERAL.—The authorities and require-
10 ments to impose sanctions authorized under this sec-
11 tion shall not include the authority or requirement
12 to impose sanctions on the importation of goods.

13 (2) GOOD DEFINED.—In this subsection, the
14 term “good” means any article, natural or manmade
15 substance, material, supply, or manufactured prod-
16 uct, including inspection and test equipment, and ex-
17 cluding technical data.

18 (g) CONFORMING REQUIREMENT.—Not later than
19 180 days after the date of the enactment of this Act, the
20 President shall revoke the prohibitions described in section
21 1(a) of Executive Order 14032 that are duplicative of, less
22 restrictive than, or are otherwise made redundant by, the
23 sanctions described in this section.

1 (h) APPROPRIATE CONGRESSIONAL COMMITTEES
2 DEFINED.—In this section, the term “appropriate con-
3 gressional committees” means—

4 (1) the Committee on Foreign Affairs and the
5 Committee on Financial Services of the House of
6 Representatives; and

7 (2) the Committee on Foreign Relations and
8 the Committee on Banking, Housing, and Urban Af-
9 fairs of the Senate.

10 (i) SUNSET.—The authority to impose sanctions
11 under this section, and any sanctions imposed under this
12 section, shall terminate on the earlier of—

13 (1) the date that is 30 days after the date on
14 which the President repeals the national emergency
15 declared under Executive Order 13959 (85 Fed.
16 Reg. 73185); or

17 (2) the date that is 7 years after the date of the
18 enactment of this Act.

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